

FISCAL NOTE

Bill #: HB0506

Title: Clinical cannabis act

Primary Sponsor: Erickson, R.

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
General Fund	\$61,742	\$48,075
Revenue:		
General Fund	\$63,018	\$48,950
Net Impact on General Fund Balance:	\$1,276	\$875

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. It is assumed that the total number of qualifying Montanans participating in the medical use of cannabis, as outlined in this bill, will be 162 in FY 2004 and 178 in FY 2005. This assumption is based on two other states' historical data regarding percentage of population during the first year for similar bills that were passed, and an arbitrary 10 percent increase for the second year.
2. The number of minors participating in the medical use of cannabis is arbitrarily assumed to be five percent of the total number of qualifying individuals, as stated above (FY 2004 is 162 participants x 5 percent = 8 minors participating; FY 2005 is 178 x 5 percent = 9 minors participating).
3. It is assumed that of the qualifying Montanans participating in the medical use of cannabis that 90 percent of the participants will also request primary care giver registration cards be issued.
4. It is assumed that registration fees will be established as \$389 for FY 2004 and \$275 for FY 2005 to commensurate the costs of administering the confidential registry, resulting in \$111,968 in revenue during the biennium. (162 participants x \$389 = \$63,018 in FY 2004 and 178 x \$275 = \$48,950 in FY 2005).
5. An additional 1.00 FTE is anticipated based on the time commitment and associated costs for processing documents, contacting physicians, and contacting custodial parents of minors if needed for a biennial personal service cost of \$81,522. It is assumed the position would be an entry-level grade 15 due to the sensitive nature of information received, which earns \$40,761 annually, including benefits.

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(continued)

6. Travel costs are estimated to be \$1,160 for the biennium, assuming 10 travel days per year. In-state travel per diem is \$35 for lodging and \$23 for meals ($\$35 + \$23 = \$58 \times 10 \text{ days} = \$580 \times 2 \text{ years} = \$1,160$).
7. It is estimated that it takes 60 hours of legal time to draft and prepare changes to the administrative rules. It is estimated that changes in the rules will equate to 10 pages. Costs associated with contracting with the Attorney Generals Office for the preparation of administrative rules are \$4,200 ($\$70 \text{ per hour} \times 60 \text{ hours} = \$4,200$) and \$400 for printing ($\$40 \text{ per page} \times 10 \text{ pages} = \400).
8. Registration costs associated with printing and mailing application forms, including custodial parent consent forms for minors, would be \$179 for the biennium. FY 2004 is \$85 ($(162 \text{ applicants plus } 8 \text{ additional minor custodial parent consent forms}) \times (\$0.37 \text{ postage} + \$0.13 \text{ paper \& envelope}) = \85) and FY 2005 is \$94 ($(178 \text{ applicants plus } 9 \text{ additional minor custodial parent consent forms}) \times (\$0.37 \text{ postage} + \$0.13 \text{ paper \& envelope}) = \94).
9. Registration costs associated with printing the registration cards are estimated to cost \$3,250 in FY 2004. This cost includes a high quality printer able to process card stock is estimated to cost \$2,000, card stock purchased for the registration identification cards and designated primary caregiver cards is estimated to cost \$1,000, and a laminating machine to assist in preventing tampering of identification cards is estimated to cost \$250.
10. It is estimated that minor office equipment needs will cost of \$1,826 for FY 2004 only. The equipment will include a stand-alone computer, to protect confidentiality, at a cost of \$1,351 and a locking four-drawer file cabinet at an estimated cost of \$475 to protect card stock and written documentation from physicians.
11. Creating and maintaining a secured database to track the status of applications and registration cards is estimated to cost \$4,800 for the biennium. The database initial setup in FY 2004 would cost an estimated \$4,000 ($50 \text{ programmer hours} \times \80 per hour) and maintenance in FY 2004 and FY 2005 would cost an estimated \$400 each ($5 \text{ programmer hours} \times \80 per hour).
12. Other operating costs for the biennium would be \$12,480. These costs include rent, janitorial, and grounds maintenance estimated at \$150 per month; long distance telephone calls estimated at \$30 per month; and other administrative costs estimated at \$340 per month ($\$150 + \$30 + \$340 = \$520 \times 12 \text{ months} = \$6,240 \times 2 \text{ years} = \$12,480$).

FISCAL IMPACT:**Department of Public Health and Human Services (Pgm 07)**

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
FTE	1.00	1.00
<u>Expenditures:</u>		
Personal Services	\$40,761	\$40,761
Operating Expenses	<u>20,981</u>	<u>7,314</u>
TOTAL	\$61,742	\$48,075
<u>Funding of Expenditures:</u>		
General Fund (01)	<u>\$61,742</u>	<u>\$48,075</u>
<u>Revenues:</u>		
General Fund (01)	<u>\$63,018</u>	<u>\$48,950</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	<u>\$1,276</u>	<u>\$875</u>